DOCUMENT RESUME

ED 079 824 80 EA 005 188

AUTHOR	Negatani, Stafford T.
TITLE	State Support and Operation of Public Schools in Hawaii. Report of a Study.
INSTITUTION	Hawaii State Dept. of Education, Honolulu.; Improving State Leadership in Education, Denver, Colo.
SPONS AGENCY	Office of Education (DHEW), Washington, D.C.
PUB DATE	Dec 71
NOTE	34p.
AVAILABLE FROM	Improving State Leadership in Education, 1362 Lincoln Street, Denver, Colorado 80203; or State of Hawaii Department of Education, Honolulu, Hawaii 96804 (Single copies free)
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	*Administrative Organization; *Educational Finance; *Full State Funding; Public Schools; School Funds; State Aid; *State Departments of Education; State Legislation; *State School District Relationship
IDENTIFIERS	Elementary Secondary Education Act Title V; ESEA Title V; *Hawaii

ABSTRACT

This report describes the historical development of Hawaii's Public Education System with emphasis on State funding. The report discusses (1) the development of a unified Statewide school system; (2) some problems, difficulties, and successes in providing State support and operation of all schools; (3) the plan for allocation of funds to the schools; and (4) adjustments or modifications that appear to be needed for the future. (JF)

ED 079824

U.S. DEPARTMENT OF HEALTH
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

STATE SUPPORT AND OPERATION OF PUBLIC SCHOOLS IN HAWAII

Report of a Study
Sponsored by the
State of Hawaii Department of Education
and the Project

Improving State Leadership in Education

EA 005 188

Denver, Colorado
December 1971

Prepared by
Stafford T. Nagatani
Graduate College Aid, Information Services
State of Hawaii Department of Education

Edited by
David L. Jesser, Associate Director
and
Arthur P. Ludka, Assistant Director
Improving State Leadership in Education

Financed by funds provided under the
Elementary and Secondary Education Act of 1965
(Public Law 89-10, Title V, Section 505)

Single copies of this report may be obtained from
Improving State Leadership in Education
1362 Lincoln Street
Denver, Colorado 80203
or the
State of Hawaii Department of Education
Honolulu, Hawaii 96804

Further information about the developments discussed in this study may be obtained from the State of Hawaii Department of Education.

These materials may be reproduced without permission provided appropriate credit is given to the author and the project.

I-17
500
January, 1972

INTRODUCTION

A school system without adequate funds can no longer exist today. If adequate funds are available, a school system can operate to provide meaningful education for the public.

This case study describes Hawaii's Public Education System with an emphasis on state funding. Many school districts in the United States have expressed their concern for public funding, specifically state support. However, very little material has actually been compiled on this subject matter. Having a unified statewide school system, Hawaii has a strong finance program. This study, with the aim of contributing to the literature on state funding, represents a compliation of information from numerous State Department of Education materials. In addition a few outside materials are used to supplement the reporting of Hawaii's historical development.

SHIRO AMIOKA
Superintendent of Education
State of Hawaii

CONTENTS

Section		Page
1.	THE DEVELOPMENT OF A UNIFIED STATEWIDE SCHOOL SYSTEM: SOME OF THE FORCES AND FACTORS THAT CONTRIBUTED TO THE DECISION	1
2.	THE ORGANIZATION TO PROVIDE FOR STATE SUPPORT AND OPERATION OF ALL SCHOOLS: SOME PROBLEMS, DIFFICULTIES, AND SUCCESSES	4
	Budget Appropriations	5
	Pattern of Financing School Operations	6
	Rising Cost of Public Education	6
	Need for Financial Planning	9
	Fiscal Capacity of the State	10
	Planning and Budgeting	10
3.	STATE SUPPORT PLAN: HOW FUNDS ARE ALLOCATED TO SCHOOLS, THE POLICIES, THE PROBLEMS, DIFFICULTIES AND ACCOMPLISHMENTS	15
	Resource Allocation: Philosophic Base	15
	Resource Allocation within the Department of Education	16
	Rationale for Resource Allocation	16
	Budget Execution Policies	18
	Program and Operational Expenditure Plans	20
4.	ADJUSTMENTS OR MODIFICATIONS THAT APPEAR TO BE NEEDED FOR THE FUTURE	21
	Concluding Statement	26
APPENDIX I:	HAWAII -- ORGANIZATIONAL STRUCTURE AS RELATED TO THE DEPARTMENT OF EDUCATION	27
APPENDIX II:	APPROPRIATIONS FOR FISCAL YEAR 1970-71	28
PUBLICATIONS:	Sponsored by the Project, Improving State Leadership in Education	29

Section One

THE DEVELOPMENT OF A UNIFIED STATEWIDE SCHOOL SYSTEM:

SOME OF THE FORCES AND FACTORS THAT CONTRIBUTED TO THE DECISION

Education, important to all developing countries, is not specificially provided for in the Constitution of the United States of America. The Tenth Amendment indirectly leaves the responsibility for public education to the states. Public education, therefore, originated in local communities. Under the competent leadership of Horace Mann, the Massachusetts Board of Education was established in 1837. This momentous period marked the beginning of state responsibility for education. Just three years later in 1840, Hawaii enacted laws for the establishment of a statewide public education system. Consequently, *Hawaii's present public school system has one of the longest histories under the American flag.*

Public education in Hawaii, as it existed in the latter half of the nineteenth century, did not suddenly burst into well-developed form. *The American Protestant missionaries laid the educational foundations through their social, political, and economic influences.* Consequently, public education was the outcome of a process of building slowly upon established foundations. A unique feature of the Hawaiian educational system is its American development despite the fact that the Islands are geographically removed from the continental United States. This actually was achieved prior to the annexation of the Hawaiian Island as a territory of the United States.

The individuals immediately responsible for the organization of a public education system in Hawaii were American missionaries whose primary concern was related to promoting instruction for religious purposes. However, *in 1840, education became a legal responsibility of the Hawaiian government* (a constitutional monarchy as established by the Bill of Rights Statute passed on October 8, 1840). The influence of missionaries did help to bring about legislation for the organization and administration of public education however, complete secularization of the public school program became the result of this shift in the central focus of authority.

There were three prominent factors that influenced the missionaries to direct their attention to governmental education. First, the Protestant mission founders did not have the funds to carry on the educational activities they had promoted since, as a consequence of the depression of 1837, the American Board of Commissioners for Foreign Missions had s nt out retrenchment circulars for the withdrawal of financial support of the established missionary program. Thus, the financial avenue of continuing education was blocked and they turned toward the relatively new concept of public education. Second, there was great concern over the spread of Catholicism. The Protestant founders felt that the growth of the Catholic religion might be curtailed if they were to promote eudcation under public auspices. It should be mentioned here that the Protestant missionaries did not envision, at that time, any relinquishment of their control over public education even though they advocated a public system of support. They viewed the organization of schools under government control

and support as a means for their continued influence over educational affairs. Third, the development of the Constitutional government and universal land ownership brought about an educational program of far greater scope than the missionaries could ever hope to provide.

The logical outcome was the development of a public education system. The Constitution of 1840 provided the necessary authorization, and the plan for such a system was actualized through the *enactment of school laws on October 15, 1840*. These first laws required the establishment of a school in any village where there were fifteen or more school age children. School attendance was made compulsory for children from four to fourteen years of age. In addition, each community was responsible for electing a school committee, whose members, along with the local missionary and tax collector, were to select suitable teachers. This committee also was given the responsibility to establish the salary for teachers and to tax the local community for the support of the schools. It was the duty of the parents to adhere to the established school laws. Failure to comply or to meet their obligations resulted in a fine.

Further amendments were made in 1842. These revised school laws provided for one school-agent on each of the principal islands and a superintendent to supervise the whole educational system. David Malo, a native Hawaiian, became the first public school executive. He was appointed to a dual position of school-agent (for the island of Maui) and superintendent for the whole school system.

Although the early school laws provided a public school system for Hawaii, the school system itself was far from being well organized. This organizational development came later under the leadership of Richard Armstrong. The laws governing the school system during this early period were somewhat vague and weak, especially in the area of enforcement. In school financing, for example, some local committees often did not determine the amount of needed funds and also failed to develop a plan for acquiring these funds.

The provisions for democratic local control lacked careful planning and too much was taken for granted. The common people of Hawaii did not have the necessary background nor the experience to be prepared to assume such civic service. Besides, the earlier communal social setting still dominated adult attitudes and life-styles. The people were not ready to appreciate the advantages of formalized schooling and to accept the entailing responsibilities.

Although many roadblocks existed, *the inauguration of a system of public education did take place with the passage of the early school laws*. The foundation had been laid. This foundation reflected great American influence as indicated by the following features of Hawaiian school laws:

> "(1) district control through committees elected by the people; (2) the charging of parents with the responsibility of educating their children; (3) compulsory school attendance; (4) the recognition of universal education as essential for the well-being of the state; (5) the right of government to require local school organization; (6) the propriety of using tax avails for the purpose of promoting public education; (7) the function of the state to certificate teachers; and (8) the right to require from educational officers an accounting of progress made." (1:52)

A school system cannot consist of laws only. Other essential factors such as competent professional leadership, a sufficient supply of well trained teachers, and adequate support (funding) through enforceable tax laws are needed. These requirements were non-existent in the early 1840's.

Between 1848 and 1860, Reverend Richard Armstrong, as Superintendent of the Public Schools, labored unceasingly to create and complete an outline of the role of government in education. Under his professional leadership, school laws were codified and served to provide direction for the development of Hawaiian education. He secured a law that established a small number of English schools throughout the school system on a trial basis. Laws were enacted to make the local support of schools compulsory, while others refered to matters of taxation and support. For example, in 1850 a modification of the labor tax came about. *A school tax of two dollars in cash or three dollars in merchandise or produce became mandatory for all taxable males.* The provisions of this taxation act marked the beginning of a movement toward placing the public schools on a more sound financial basis than that which had previously existed.

The first legislative appropriation for the support of public education was made in 1851. This appropriation ($22,000) resulted from the school tax. Legislative appropriations, in later years, included monies obtained from the sale or lease of school property.

In 1855, a reorganization act was passed, placing the control of public education in a State Board of Education. This Board was in charge of the State Department of Public Instruction (the title used in that period). This shift of control signified a movement toward centralization and the strengthening of authority. Certain responsibilities formerly vested in subordinate officers and in the legislature were given to this Board. The Reorganization Act of 1855 was not without weaknesses, for it failed significantly in recognizing the importance of educational leadership.

Government education under Armstrong's leadership was characterized by the following:

> "(1) The government set up the machinery by which English schools could gradually replace schools taught in Hawaiian. (2) The government assumed a greater financial burden for each child enrolled in a vernacular school. (3) Those parents who sent their children to English schools did so without compulsion, but, by doing so, they had to assume at least one half the cost. (4) The government maintained the earlier pattern of serving the upper levels of the social hierarchy first and then extending similar services to the commoners. (5) The program to train Hawaiian teachers for the English schools offered markedly stronger economic incentives than the programs preparing teachers for the vernacular schools. The more promising teachers gravitated in the direction of the English schools leaving the vernacular schools to languish. (6) The town schools felt the impact of the missionary influence to a greater extent than the rural schools, and Honolulu became the center of English instruction. (7) Both the vernacular and the English schools came under the centralized control of the Department of Education but in terms of language, financial support

and class orientation, the government maintained a dual school system in which one type of school (vernacular) was allowed to slowly merge into the other type (English)." (5:19)

Other reorganization acts and school laws were passed in an attempt to better Hawaii's system of public education, but space does not warrant such a detailed coverage in this report. Today, the State of Hawaii provides for the operation of a unified state public school system under Article IX, Section I of the Constitution of the State of Hawaii as follows:

"The State shall provide for the establishment, support and control of a statewide system of public schools free from sectarian control, a state university, public libraries and such other educational institutions as may be deemed desirable, including physical facilities therefore. There shall be no segregation in public educational institutions because of race, religion or ancestry; nor shall public funds be appropriated for the support or benefit of any sectarian or private educational institution."

Section Two

THE ORGANIZATION TO PROVIDE FOR STATE SUPPORT AND OPERATION OF ALL SCHOOLS: SOME PROBLEMS, DIFFICULTIES, AND SUCCESSES

The public education system in Hawaii is somewhat different from other systems under the American flag. In a typical situation in the U. S., the local board of education has a great deal of the responsibility for education; the governor of the state tends to be removed from interest in a single school district; and the legislature is concerned primarily in state aid provisions for all districts, and laws applicable to all districts. This is not the case in Hawaii. *Hawaii is characterized by a tri-partite responsibility sharing for public education.* The *Board of Education* has significant legal responsibilities; *the Governor* views the program of the school system as an important element of his total program; and *the Legislature* finances the program of the school system directly, oversees progress, and develops legislation enabling the school system to make further progress.

Hawaii is unique in that it is *the only state in the nation with a unified statewide school system.* All school functions are centralized and administered by the State Department of Education, headed by an eleven-member elected Board. This Board, together with all the other departments of the state government, must submit its budget request each year to the Director of Budget and Finance (State Department of Budget and Finance) who in turn prepares the budget for the Governor who, at a specified date, transmits his budget to the Legislature for review, adjustment, and financing (refer to Appendix I for the Organizational Structure and the flow of budget request of the Department of Education in Hawaii). *The funds for Hawaii's 215 schools are received directly from the State Legislature in two separate appropriations -- one for the operations of the schools, and the other for capital improvements.*

Budget Appropriation

The operating budget for fiscal 1970-71 totaled $154.2 million -- $129.9 million (84.3%) from the state general fund, $15.9 million (10.3%) from federal funds, and $8.4 million (5.4%) from special funds (lunch fees and adult education fees). The largest source of financing (the state general fund) includes revenues from various *state-levied taxes such as gross income tax, personal income tax, and corporate income tax.* Unlike most school systems on the continental U. S., *property tax is not used to finance the public schools.* Property tax is the primary means of financing the county governments which (since Act 97, 1965) have no financial responsibilities for the operations of the public schools.

The capital improvement program appropriation for fiscal 1970-71 totaled $42.0 million, all of which came from state funds as a result of the federal government's appropriations cutback for capital improvements. *State funding for the capital improvement program is provided primarily by the sale of general obligation bonds and,* whenever the state financial picture warrants it, *by surplus cash from the state general fund.*

It is insufficient to discuss the budget request process and the actual appropriations without mentioning the provisions under which the appropriations are made. There are five specific provisions contained in the Appropriations Act. They are as follows:

Appropriation by Programs. After four years of lump-sum appropriation, the legislature reverted to program appropriations. The funds for fiscal year 1970-71 were appropriated to the State Department of Education (DOE) in fourteen program categories (see Appendix II for program categories and appropriations). This shift in the method of appropriating funds signifies some loss in the amount of flexibility afforded the DOE through lump-sum appropriation. Currently, the *transfer of funds from one appropriation category to another may be made only with the specific approval of the Director of Budget and Finance.* This provision obviously adds more power to the Budget and Finance Director.

Manpower Ceiling. For the two years 1967 and 1968, Hawaii's legislature lifted the legal ceiling on the number of permanent positions the State Department of Education could establish and fill. However, in 1969, the legislature reinstated the manpower ceiling in the Appropriations Act. For fiscal year 1971, not only was this manpower ceiling in effect, but two additional manpower policies were included:

- Any new positions authorized by the Appropriations Act that were not filled by April 1, 1971 were abolished.
- Any authorized position that was vacant on January 1, 1970, and not filled by December 31, 1970 was also abolished.

Non-lapsing Provision. The legislature for the fourth straight year exempted the DOE from the lapsing provisions contained in The Appropriations Act. This meant that any funds left unexpended or unencumbered by the end of the fiscal year would not lapse back into the state general fund, but remain in the DOE account and be made available to finance some of its unmet educational needs.

Flexibility Provisions. With the approval of the governor, the DOE was authorized to create not more than fifty-eight additional positions to meet unanticipated workload increases or any other need that may arise. The DOE was also authorized to establish two hundred additional teacher positions for the 3 on 2 Program. (This program is discussed in Section Three of this report.)

Legislative Requests for Studies and Reports. The committee report of the Appropriations Act requested several evaluation reports of DOE programs such as the 3 on 2 Program, Hawaii English Program, Administrative Intern Program, Special Education Program, and the Student Transportation Program.

Pattern of Financing School Operations

In a typical school system in the U. S., the pattern of financing school operations is primary reliance on local property tax, augmented by state assistance through flat grants, equalization formulas, earmarked funds and a small amount from federal grants. *There are several reasons why local property taxes may not be the best basis to finance a public school system*. First, there are *inherent weaknesses in the property tax itself*. There are usually too many exemptions and unequal valuations. In Hawaii's case, since a large portion of the population does not own land, the burden for financing the entire school system would be placed on those who do. Second, *the property tax base may not be capable of effectively absorbing the rapidly rising cost of education*. Third, local property tax as a major source of public school financing will *result in many inequities since communities differ markedly in their assessment practices and taxable capacity*. The poorer school districts inevitably will be hard pressed to provide adequate support for their schools.

In contrast to the continental U.S. counterparts, *Hawaii's method of financing public schools appears to be more desirable and advantageous*. The cost of Hawaii's schools is more equitably distributed over various forms of taxable capacities at the state level, rather than leaning heavily on local property taxes. Thus, the financial insolvency crisis caused by educational costs rising faster than revenue-raising capacity -- a crisis that is threatening to bankrupt and terminate many school systems -- is not at this time a major problem in Hawaii. Furthermore, under Hawaii's system of centralized administration and financing, rural areas in the state that normally would not have economic resources to support an adequate educational program are assured of reasonably equitable treatment in the allocation of resources. *The more affluent urban and* suburban *areas are not unduly favored as a result of their having a stronger economic base*. This system of financing reflects the value placed on education and the strong conviction of Hawaii's public and its leaders that *educational opportunities should be equally available to all its people*.

Rising Cost of Public Education

To assure the availability of adequate funds for the school system in Hawaii, *the State Department of Education has to carefully consider and prepare for the rising cost of public education in both its short-range and long-range financial planning*.

For some years, the cost of public education has been increasing faster than the growth of the national (general) economy. Hawaii faces a similar situation. Total personal income increased 125%, from $1.2 billion to $2.7 billion for the ten-year period from 1958 to 1968. However, the cost of public education in Hawaii increased 201%, from $31.6 million to $95.2 million for the same ten-year period. The future undoubtedly holds additional rates of increases for the following major reasons:

1. The Increase in Student Enrollment for Public Schools

- *Population increases.* In the past ten years, the Hawaii public school system has been averaging between 1.5 to 3% enrollment increases each school year. While it is true that the birth rate has tapered off and will probably continue to do so, the reduction in enrollment due to declining birth rate will be offset by increasing in-migration due to population pressures elsewhere, trans-Pacific air routes, a growing economy in Hawaii, and a variety of other factors. The net effect will be a continued increase in student enrollment at the rate experienced in the past.

- *Program expansion downward into earlier schooling.* In recent years, there has been a dramatic emphasis on pre-school programs to prevent the occurrence of emotional, social and other learning disabilities in later years and, in many cases, to compensate for environmental disadvantages of students. Numerous preschool programs for 3, 4, and 5-year-olds are being conducted in disadvantaged areas throughout Hawaii. As the growing body of research continues to validate the importance of early childhood education, there will be intensified efforts for more programs in this area for all children.

- *Program expansion upward at the secondary and adult education levels.* In recent years, there has been a sustained drive to increase the retention rate of Hawaii's secondary schools through such measures as the passage of Act 175, SLH 1965, which extended compulsory attendance age from 16 to 18, and through the initiation of various dropout programs. In addition, attention is being focused on the need for more and better continuing education for the adult population. Adult education, fast becoming a program area of major concern, is a long overdue trend that has major implications for the future of Hawaii's public school system.

- *Potential decline in the participation rate of private and parochial schools.* During the past ten years from 1958 to 1968, the public school enrollment increased 30% while the private school enrollment increased 23%. The net result is a slight drop from 17.4% to 16.7% in the private school participation rate in the total education program. As public schools continue to expand and improve, the private schools will be hard pressed to raise the necessary funds to stay in business. Unless both the federal and state governments provide increased

assistance to private schools, this trend is likely to reach crisis proportions. Nevertheless, whether private schools remain in operation through government subsidies, or they close down with the public schools absorbing these students, the impact will be to drive the cost of education further upward.

2. Inflation

Inflation coupled with a rising standard of living inevitably results in increasing costs of manpower, supplies, equipment, construction, land, and other necessities for education. It has been reported that over the past ten years, inflation has increased the cost of education by 43%. Thus, the identical educational resource, costing $100 in 1960, cost $143 in 1970. How effective the Federal government is in its efforts to curb the rising tide of inflation remains to be seen.

3. Increasing Cost of Teachers

The projected sharp rise in the cost of teachers will be due primarily to two factors:

- *Teacher negotiations and collective bargaining.* In the past, teachers were accorded a special role within society. They were expected to be dedicated and devoted to their work, and to achieve and maintain an unblemished image and reputation in the community. In return for minimal salaries and difficult working conditions, they enjoyed a special prestige and were protected somewhat from the cross-pressures of society. However, in recent years, the teaching profession has become highly organized and vocal. In the future, the cost of education (approximately 80% of which is comprised of teacher and support personnel salaries) will continue to increase as teachers press for more pay and fringe benefits, shorter working hours, less teaching load, and better working conditions.

- *State Department of Education manpower objectives.* As the DOE strives to develop a first-rate school system, it will become considerably more selective in recruiting and hiring practices The DOE will be seeking skilled teachers who are capable of professional and personal growth and able to handle additional responsibilities effectively. Superior quality in teachers will be sought and consequently, premium salaries will be requested.

4. Improvements in the Quality of Public Instruction

During the past ten years, per pupil costs have increased about two and a half times in Hawaii. Though a substantial portion of this is due to inflationary costs, much of it is due to improvements in education. The government leaders will continue their attempt to provide Hawaii's youth with the best possible education through adequate and consistent financial support.

5. Educational Technology

Technology in education is beginning to have its impact. As of now, audio-visual equipment and educational television are the more commonly known of such technologies. However, in the coming years, more sophisticated equipment will be used increasingly in the classrooms enhancing and eventually absorbing many of the tasks now reserved for teachers and other instructional specialists. Initially, at least over the next ten to fifteen years, the emphasis in adopting and implementing technological advances will be on improving the effectiveness of learning rather than on cost reductions. It will take several years to "shake down" the equipment and improve education before costs can be effectively reduced as a direct result of technological advances.

Need for Financial Planning

It can be reasonably assumed, in view of the foregoing observations, that the cost of public education will continue to rise in the coming years. A word of caution though about the future availability of funds for public education appears to be in order.

There are several factors that make it difficult to project with precision the future financing patterns and the size of public education budgets. The first is the impact of teacher negotiations and collective bargaining as noted earlier. In the quest for more pay and fringe benefits, it is difficult to predict when the initial thrust will taper off and stabilize. The second is the uncertainty of federal financial support. For example, changes such as those that occur in the make-up of the U.S. Administration or the U.S. Congress, or a step-up in our overseas commitments (defense and otherwise) can mean drastic cutbacks in federal funds. Unlike the average U.S. school system that depends on federal funding for approximately 5% to 10% of its finances, Hawaii's school system depends on such funds for 10% or more of its support. Thus, *any cutbacks in federal support will have a greater impact on Hawaii's system.* The third is the possibility of disaster or catastrophe. In this uncertain, ever shrinking world of rapid change, massive reversals can occur almost instantly. Such adverse events can have a tremendous impact on the state's and the department's financial picture by forcing the diverting of needed and already limited governmental resources into immediate and more urgent problem areas.

Although Hawaii has not experienced any adverse events of great magnitude, state leaders should not be lulled into thinking that they cannot happen here. Acute and long-range perception is necessary to detect and interpret warning signals and symptoms of emerging problems. In this way, the state can be prepared with alternative strategies long before problems arise. Additionally, since even with the most sophisticated planning capability it is impossible to foresee all contingencies, the plans the State Department of Education develops must have some measure of flexibility so that adjustments can be made as unforeseen problems arise. Sound planning, especially financial planning, is a must to cushion unpredictable problems (events).

Fiscal Capacity of the State

In view of the pressures of rising cost and Hawaii's unique pattern of financing public education, there is a definite need to examine the fiscal capacity of the state. Although the state is in a far more favorable position than the county governments to raise revenues, *there are realistic limits to state government taxes.* Such limits are measured by the actual ability of citizens and corporations to pay as indicated by such factors as per capita personal income, the present level of taxes, and the cost of living indexes. For example, in 1967, the state of Mississippi had a per capita personal income of $1,896 as compared to the national average of $3,159 and Hawaii's $3,331. On the face of it, the ability of Hawaii's residents to absorb taxes is greater than in Mississippi. Another "ability to pay" consideration is related to the health of Hawaii's economy. As long as it remains strong, Hawaii will be in a favorable competitive position to increase the economic base, thereby having a growing economy that can readily absorb increased taxes. However, at the same time, increasing taxes beyond prudent limits could place the state in an economically disadvantageous position in competing with other states for people, business, and dollars. Increased taxes can have a retarding effect on economic growth in such a situation. With all due regard to its desire to improve the quality and quantity of educational services, *the DOE, as the state's largest spending agency, must consider these factors in its over-all financial planning. Fiscal responsibility and integrity are evidences of organizational maturity and sound financial planning.*

Even before ability limits are reached, there are psychological limits to taxable capacity -- that is, the willingness to pay. Whether the prevailing mood of unrest, confrontation, resistence to authority, improved communication, or dissatisfaction with public schools be the cause, it appears that the general taxpayer, who is paying more, is enjoying it even less. More and more we read about bond issue defeats, tax levy turndowns, the threat of financial cutbacks, and even school district shut-downs due to financial non-support at the local level, as well as the unwillingness or inability to provide the kind and quantity of resources that are required at the state level.

In Hawaii, the ground swell of reaction to rising taxes and costs of government services has not yet reached crisis proportions. Even though the DOE's centralized state financing pattern places itself in a less vulnerable position than its U.S. counterparts, one thing is certain -- *tax increases on an unsuspecting and passive public are rapidly going out of style.* In the years to come, not only a more hard-nosed public and legislature, but also both external and internal competitors will exert pressure on the State Department of Education to improve because it is the only public school system in the state and it always will be a target for criticism.

Planning and Budgeting

As noted earlier in this section, there is a definite need for planning (the development of both short-range and long-range plans) with special emphasis on financial planning. Most budget systems serve several important functions. First, it is a crucial device for planning and decision making about resource allocation. This aspect of budgeting is usually identified with the budget preparation phase. Budgeting is also essential for control and evaluation.

This aspect of budgeting is identified with the budget implementation phase. The budget document as finally adopted, therefore, is looked upon as a financial expression of a plan, and as a basis for control and evaluation.

In the past, changes occurred relatively slowly and problems could be foreseen and handled by responsible government agencies with available staffs. When any large study, analysis, or comprehensive planning services were needed, they usually were contracted out to a private consultant firm. The central agencies did only minimal analyses. The line departments did even less.

With the advent of computer technology, the need for improved planning (longer-range, more comprehensive, and broader-based) became more critical. At present, there are few departments in state government that have the analytic or planning capability that is needed. Some do have management and budget analysts, however, these staff personnel are more involved in control and execution rather than in the planning and analysis aspect of budgeting. They tend to be caught up in daily operational responsibilities such as line item reviews of annual budgets, manpower control, allotment control, out-of-state travel control, reorganizational review, monitoring quarterly progress reports, and so on. They have neither the time nor the expertise to provide the planning and analysis services that are required.

Within the past ten years, the State Department of Education has attempted various methods of budgeting. Until 1965, the budget was prepared centrally, using various per pupil formulas (for textbooks, classroom supplies, etc.). The budget categories were structured basically along functional lines to facilitate accounting and control. In 1965, the department attempted to decentralize budget preparation by allowing each school to prepare its own budget. This form of budgeting was descriptively labeled "School-by-School" budgeting. The budgets were prepared initially by the schools with minimal policy or constraining guidelines from the state. The individual school budgets were annually collected, compiled, adjusted, and summarized by each district office, and passed on to the state office. At the state superintendent's level, the final negotiation adjustments were made.

In 1966, with the advent of a new state superintendent, the State Department of Education examined the feasibility of "formula" budgeting. The basic approach was to have the budget prepared annually by a central staff using various per pupil formulas for the different instructional areas. This approach was basically the same one used in the early '60's except that the formulas were more sophisticated and detailed. For example, a multitude of formulas (such as per pupil costs for art equipment and art supplies for each grade level) were used. Under this form of budgeting, the actual preparation and compilation of the annual budget was primarily a clerical task. The professional's job was to evaluate and update annually per pupil cost information. However, due to a change in the superintendency, the proposed formula budgeting procedure was never fully realized.

In 1967, the Planning-Programming-Budgeting System, (PPBS) was initiated into the DOE through two forces. First, there was the legislative PPBS effort that was supervised by a Joint Legislative Interim Committee. Second, there was the Governor's PPBS effort spearheaded by the Central Analysis Group (CAG). The Legislature emphasized program analysis while the Governor emphasized

program structure and format. The legislative effort is now in its fourth year. Although the legislative committee expression again provides for a Joint Interim Committee to oversee the project, it is doubtful whether supervision will be as intense as in the past. In conjunction with this legislative effort, The Office of Planning and Analytical Studies of the DOE has thus far subjected twelve separate instructional areas (language arts, math, science, etc.) to analysis. By the end of calendar year 1971. the office expected not only to update the analysis on the programs already scrutinized, but also to analyze several other support programs such as school lunch and personnel administration.

Meanwhile, in addition to developing these budget-related documents for the Legislature and the Governor, the State Department of Education has been preparing its budgets annually in the same manner as in 1965 with the schools compiling and submitting the initial requests through the district offices to the State Office for review, adjustment, and approval. In actuality, the way local budgets are developed depends upon the type or category of budget. For example, the *B & C Budgets*, categorized as supplies and equipment respectively, are prepared initially at the school level. It is then passed on up to the district offices for review, adjustment and approval. The district offices then submit a consolidated B & C Budget (combining the requests for all the schools within its district) to the State Office of the DOE, again for review, adjustment and approval. Meanwhile, *category A Budgets*, characterized by personnel services, are prepared initially by the State Office. Here, the budget requests are based on pupil enrollment plus enrollment projections and various pupil-teacher formulas. Some schools and district offices do make their anticipated needs known to the DOE State Office prior to the actual budget request. In essence, the Personnel Services Budgets (Budget A) are centrally prepared (by the State Office as noted).

The various budgets are compiled, reviewed, and adjusted by the Budget Branch of the DOE on the state level. Prior to the submission of the final budget requests to the Board of Education, the Budget Branch conducts open hearings. Interested parties within the Department of Education along with the State Leadership Group, comprised of assistant superintendents and district superintendents, can lobby for individual preferences. The Board of Education then submits the budget to the Director of Budget and Finance of the State of Hawaii. (Refer to Appendix I that indicates the flow of budget requests.)

The DOE is faced with the problem of lacking a comprehensive and integrated system of budgeting. Several disjointed processes exist. For example, the annual operating budget preparation process starting at the school level follows the prescribed route mentioned earlier. Budgeting for capital facilities is processed separately with its own prescribed routes. The so-called Department Comprehensive Plan (DCP) which is the Governor's version of the new planning-budgeting system has its own set of formats, procedures, and processes. The legislative version of planning-budgeting, also being done concurrently, is different from the rest.

Before a design of a planning-budgeting system can be drawn for the DOE, there are several unique features of the educational program that must be taken into consideration.

1. *Organizational Structure*

Unlike most organizations, the DOE has a rather "flat" structure. Since it is spread out horizontally into 8,000 classrooms located in 215 separate schools throughout Hawaii, it is shallow vertically. Between the top administrator in the department (the State Superintendent) and the School Principal, there are only two administrators, the District Superintendent and the Deputy Superintendent (refer to Appendix I).

2. *Line Authority*

In addition to the flat organizational structure described above, DOE administrators do not have the classic line authority over their immediate subordinates that exists in other agencies. This is especially true in the most critical area, the classroom. *There are about 9,000 teachers in the department, all of whom run their own classrooms on a semi-autonomous basis.* For example, the Assistant Superintendents cannot make a decision and expect all 9,000 teachers to follow it. The organizational relationship that exists between the state administration and the schools is like the relationship between the federal government and the state governments. Each level is in many ways an autonomous level of government with areas of clear-cut authority. However, there are areas in which the federal government is forced to use the "big stick" to effect desired changes. In many ways, the same kinds of relationships exist within the organizational levels of the State Department of Education.

3. *Equitable Distribution of Resources*

The State Department of Education provides services to about *182,000 students from preschool to grade 12.* Annually, about 14,000 new students enter kindergarten classes, and about 10,000 seniors graduate from high schools. While it is fashionable to talk in terms of output-oriented programs, oftentimes it is done without giving primary consideration to the 182,000 beneficiaries scattered throughout the state, who are entitled to an equitable share of the educational resources. The notion of "equitable share" seems to consist of two underlying concepts. One is the concept of *individual self-fulfillment.* Here each pupil is treated as being unique and different, with a distinct background, aspiration, attitude, and aptitude. In recognition of this, *the DOE is trying to implement individualized instruction.* Thus, the curriculum must be designed to meet the talents, interests and needs of the individual youngster. The other concept is that of *equal educational opportunity.* This seemingly simple concept is one of the most difficult to translate into action. Except in terms of a common denominator at the input end called dollars, it is difficult to attain agreement on other acceptable gauges of equity. Both related concepts of "individualized instruction" and "equal educational opportunity" must somehow become more operationalized and integrated into the resource allocation process.

4. *Social Program*

There is an increasing demand currently for accountability, more effective programs, optimal efficiency, and generally, the viewing of education as a production process. All these have led to a dramatic move toward quantification in education. Numbers have replaced adjectives. This move toward quantification has merit if it facilitates the management of the educational enterprise. *Education is concerned with human beings and in dealing with human beings; there are more unknowns than knowns.* In the haste to quantify, one must constantly be reminded of this. There may be great dangers and pitfalls in indiscriminate, overly-simplistic use of numbers.

5. *Other Factors that Complicate Analysis*

- The multiplicity of learning influences outside the school -- such as the home, the church, community peer groups, and other associations -- make it difficult to determine what impact each influence has on the process and product of learning.

- The multiplicity of related learning influences within the school also makes it difficult to isolate and gauge the relative contributions of each element in the overall education of the youngster.

- The multitude of objectives and the complexity of quantifying some of them likewise makes it difficult to isolate each objective in relation to a particular activity to meet an objective.

- The lack of information about input-output relationships, correlations, and causal relationships, and the long gestation period or short duration of educational gains also serves to complicate analysis. Some students learn rapidly whereas others take years to learn the same thing. A further complication is the relatively long sequential learning period (13 to 15 years).

With the advent of PPBS, not only has planning emerged as the most important function of management, but the era of technology in planning has begun. Within the State Department of Education, some improvements in planning, analysis, decision making about resource allocation, and financial accountability have been made. The initial impetus for implementing such improvements has been provided by the State Legislature and the Governor through its PPBS efforts. The challenge of further improvement rests with the DOE.

Section Three

STATE SUPPORT PLAN: HOW FUNDS ARE ALLOCATED TO SCHOOLS, THE POLICIES, THE PROBLEMS, DIFFICULTIES, AND ACCOMPLISHMENTS

The hard fact about the quality of instruction provided for students in Hawaii is the general movement of experienced teachers to "advantaged" areas that offer higher income and a better environment. This obviously causes a problem in that the areas that need the most experienced teachers do not have them. This seems to be true in the continental U.S. as well. In addition to the problem cited above, teacher turnover rates in Hawaii appear to be affected by additional factors such as geographic isolation of schools and student transiency (schools with a high percentage of military dependents). While extremely low turnover rates in teacher personnel may not always be desirable -- since a steady infusion of new blood and ideas is needed -- unusually high turnover rates are undesirable. Teacher turnover rate, however, is only one crude indicator of the varying degrees of quality in the education provided for youngsters throughout Hawaii. The disparities in educational opportunities will continue to persist unless the department plans, in a positive way, to avoid or prevent such inequities. *The most potent force for equity and assurance of equal educational opportunity is the basic resource allocation process.*

Resource Allocation: Philosophic Base

The resource allocation process lies at the heart of the political system of democratic government. The process and rationale underlying resource allocation are part of government decision making that affects the distribution of wealth -- of redistribution of income. *Who gets what? Who are the primary beneficiaries of such allocations? What values prevail? What commitments to priorities and public policies are made as a result?* The search for answers to these critical questions are all an integral part of the resource allocation process.

The most serious charge against the present governmental system of resource allocation is that it lacks sensitivity to considerations of equity. In short, it does not treat all segments of our general public equitably. Some persons or groups -- usually the more affluent and influential -- receive more than others. The poor, without visible means of expertise to organize for political action, tend to be shortchanged. This is the charge and while it is overly simplistic, there probably is some truth to it.

In recent years, the Hawaiian government has become more aware of this weakness in the present system. There are indications that improvements are being made and that considerations of equity and public needs are playing a bigger role in the resource allocation process. What must be realized is that *the allocation of public resources is not a mechanical process to be taken lightly;* rather, *it is an important management function that needs to be cognizant of human needs.*

Resource Allocation within the State Department of Education

In an endeavor to assure the proper understanding of how resources are allocated, and to assure the equitable distribution of resources among all the districts and schools within the state, the State Superintendent appointed a committee comprised of seven district superintendents to develop the rationale for the distribution of funds appropriated by the Legislature for fiscal year 1970-71. The Planning Unit in DOE was charged with the responsibility of providing the necessary staff support to the committee. As a matter of operating procedure, the committee appointed two of its members to work closely with the staff and to generally supervise the project.

In the process of carrying out its task, meetings were held with the professional staff of various DOE offices on the state level. Documents, procedures, and practices were also examined. In total perspective, due consideration was given to the many existing constraints and the limited information available. In essence, the committee was satisfied with the rationale that was developed for resource allocation for such rationale was consistent with legal and administrative mandates and in the best interest of the public school system. The specific rationale and guidelines underlying several program appropriations are covered in the following sub-section:

Rationale for Resource Allocation

Regular Education. Teaching positions for regular education classes are allocated to the districts and schools on the basis of a school-by-school, grade-by-grade enrollment projection for the school year. The following pupil-teacher ratios for the different grade levels are used:

Grades K-3:	26 to 1
Grades 4-6:	27 to 1
Grades 7-12:	28 to 1

For schools with unusually small enrollments, additional teacher positions were granted on the basis of professional "eyeball" judgements. *The basic rationale for teacher position allocation, therefore, is pupil enrollment, with special consideration for small schools.*

This basis of teacher allocation, while presently acceptable, appears to need further review. While the distribution of teachers on the basis of the number of pupils appears sound, other variables such as the quality of teachers and the quality of students should be considered, however difficult this task may be. The committee was not convinced that the present method is sensitive enough to the instructional needs of pupils. What appears needed are specifications on minimum curriculum offerings and guidelines for staffing.

The 1970-71 funds for supplies and equipment ($6.1 million) for regular classes were distributed to the districts on the basis of what each school received for fiscal year 1969-70 plus a set percentage increase. This basis of allocation tends to put a premium on the age of the school rather than on the needs of the pupils. The older schools, through sheer existence, have built up a larger base of supplies and equipment. *The amount of funds involved for supplies and equipment is relatively small, representing only seven percent of the total classroom resource expenditure.*

3 on 2 Program. The condition is accepted that each child is unique and among individuals there are different talents, traits, motivations and other factors which produce differing capacities to learn as well as the rates of such learning. Acceptance of this condition necessitated provisions in Hawaii's schools for differentiated learning of individuals.

The 1968 Hawaii State Legislature encouraged the State Department of Education to implement a 3 on 2 Program to effect learning conditions that would provide for:

- Differentiated learning for all students;
- Counseling for students and periodic conferences with parents; and
- Greater enchancement of learning and achievement for all learners through effective staff utilization.

The 3 on 2 Program goal is to provide for more individualization of instruction for all children. The purpose of the Program is to provide an organizational pattern conducive to the teaching-learning situation. It attempts to facilitate learning through (1) a vertical organization of classes, and (2) a team approach to teaching. This 3 on 2 Program is an *organizational concept where co-equal teachers (team approach) will teach two class groups (vertical organization) which are combinations of grade levels such as K-1, 1-2, 2-3.*

The Legislature authorized and provided funds for 150 teachers to expand this program in the K-3 grades. The Legislature also authorized the DOE to establish an additional 200 positions for this purpose. However, no accompanying funds were provided. The establishment of additional positions over and above the 150 for which funds were provided depends primarily on the availability of funds from savings, and on priority considerations. This is the third year of implementation for the *3 on 2 Program* and *thus far approximately 45 percent coverage for the K-3 target group has been obtained.*

The basic rationale for the allocation of the 150 additional teacher positions was the enrollment distribution in grades K-3. In addition to enrollment distribution, each school was to be provided with at least one 3 on 2 class, with special consideration to be given to providing continuity to students already in the program. Additional funds for inservice education ($45 per team), and classroom equipment ($250 per team) were based on the number of new 3 on 2 teams to be structured.

Preparation Period. Additional funds of $1.8 million including 212 teachers and 66 educational assistant positions were appropriated to implement the first increment of a plan to realize a preparation period and duty free lunch period for every teacher in Hawaii's school system.

The allocation of positions to the districts is based primarily on enrollment distribution. For this increment, the $1.8 million was aimed at the teachers in grades 4-12. The teachers in grades K-3 were not included in this phase of the plan since most of the additional resources in recent years had been channeled into these grades.

The district superintendents are granted the flexibility to implement the plan in their schools based on the following priority guidelines:

- Schools with team teaching organizations be given priority.
- Schools making schedule modifications be given priority.
- Secondary schools providing students with independent study will be given priority.
- Rural schools and schools in disadvantaged areas will be given priority.

Special Education. Sixty-one additional teacher positions were authorized for special education classes. The positions were to be used to take care of those already diagnosed and on the waiting list. The sixty-one teacher positions for special education were allocated to the districts on the basis of a district-by-district survey of the actual needs for special education classes.

Over the past several years, the Board of Education, the Superintendent and the Legislature have expressed deep concern over the problem of systematically identifying, diagnosing, prescribing an individualized program, and follow-up evaluation services for all handicapped youngsters.

The four programs and the rationale mentioned above do not represent the State Department of Education's total array of program appropriations. There are others of equal importance, but space does not permit individual accounts of each. The coverage of these few programs is to familiarize the reader with the resource allocation process and its rationale. *An important point,* which should have been emphatically stated in the discussion of the resource allocation process, *is the flexibility that is given to the district superintendents in a majority of programs to manipulate and implement resources to the most needed areas.*

Budget Execution Policies

It was noted in the previous section that the method of appropriation (whether lump-sum or program appropriation) does not negate the need for the development of sound program and operational expenditure plans of activities and objectives.

It is the duty and responsibility of all program managers to execute their programs in full conformance with the letter and intent of the Appropriations Act. This not only means the attainment of legally sanctioned program objectives, but also the execution of the programs in the most efficient, economical and expeditious manner consistent with official policies and procedures. Several of these policies specified by the Governor and endorsed by the State Superintendent and the Board of Education are listed as follows:

- All programs shall plan operations and expenditures for the fiscal year to the level necessary to accomplish program goals and to maintain the financial integrity of the state government.

- The development of realistic and effective program and expenditure plans shall be of first order of importance to all programs. These plans shall be prepared and submitted to the Office of Planning.

- All programs shall submit quarterly management reviews and report on program status and expenditures for the fiscal period.

- All programs shall provide for the most economical and efficient use of manpower.

- Deficiency spending is prohibited. Programs anticipating the need to exceed their allotment shall notify the Office of Planning immediately. The expenditure of funds in excess of allotments to meet emergency or urgent situations shall be made only after approval by the State Superintendent.

- No program shall expand existing programs beyond the level approved by the State Superintendent, regardless of the means of financing, or seek funds to finance these expansions without prior approval of the State Superintendent.

- Out-of-State travel, regardless of the means of financing, shall be restricted to those trips included in the State Department of Education approved travel plan. All travel shall be by "thrift" class, if such alternative is available. No significant deviation from approved travel plans shall be made without the specific approval of, first, the State Superintendent, and, then, the Department of Budget and Finance. The same prior approval is required for unforeseen emergency trips not included in the travel plan.

- Wherever feasible, the purchase of equipment and supplies shall be made through the centralized purchasing and storeroom services.

- Toll telephone calls shall be limited to necessary calls. The rules and regulations on toll telephone calls shall be those prescribed by the Department of Accounting and General Services.

- Expenditures for capital improvements shall be limited to those projects which have been authorized by law. The Facilities Branch of the Office of Business Services will coordinate the expenditure of funds with the affected programs and the pertinent central agencies.

- Programs are advised to take all steps necessary to ensure that all mail shall be sent out at the lowest postal rate except in instances where first-class mail handling is indicated.

There are other specific policies which require management support, but again they cannot all be covered due to their detailed nature and length.

After available resources have been allocated to the various needed programs (areas), expenses throughout the year will be incurred. Analyses or evaluations must then be conducted periodically on these programs as a measure of control. The means to this end (conducting valid evaluations) lie in the development of adequate program plans and operational expenditure plans.

Program and Operational Expenditure Plans

Operational expenditure plans by programs, by quarters, and by characters of expenditures must be prepared and submitted to the Office of Business Services for budgetary purposes. The expenditure and program plans cover only the current service, workload increases, and expansion funds. *Each operational expenditure plan must be supported by an operational program plan of activities and objectives.* In addition, the expenditure and program plans for each program are required to be submitted as a unit. The Office of Planning and Analytical Studies reviews and compiles the various plans for the State Superintendent. These plans then become the basis upon which the allotment and expenditure of funds are regulated and the programs evaluated.

The operational expenditure plan includes the total expenditure requirements by characters, by quarters, and by the total means of financing. Anticipation of any savings on deficit, for any reason whatsoever, must be reflected in the balance column. Programs projecting deficits are notified as to whether their allotments are increased or their level of expenditures are reduced to offset such deficits.

Each program plan must include data indicating the scope of the program, what is to be done, how much is to be done and other pertinent information. Measurement units are utilized wherever possible. The program plans must support and coincide with the operational expenditure plans. The Office of Planning may request any supplemental information which it deems necessary to properly review the program and expenditure plans for the State Superintendent.

While programs are expected to submit realistic expenditure plans, it is recognized that deviations from such plans may be necessary from time to time. The planned programs are not intended to be fiscal straight jackets. *Programs are granted flexibility to adjust expenditures to meet changing needs and conditions* provided they seek the approval from the State Superintendent, or his appropriate subordinate, before making changes in expenditure plans that require: (1) the transfer of funds from one program to another; (2) the expenditure of funds in excess of allotment; and (3) quarterly major reallocation of program funds. All such requests for amended allotments must be accompanied by amended operational expenditure and program plans.

During the fiscal year 1970-71, all program managers who submitted operational expenditure plans had to submit quarterly reports on program operations. The Office of Business Services supplies the administrators with the pertinent financial data on the status of their programs. The administrators, in turn, prepare narrative reports on the activities and attainments of the program. These progress reports must highlight deviations, problems, and other concerns. If the program is progressing in accordance with the original plan as submitted, then a statement to that effect suffices. The idea here is to emphasize the exceptions, adjustments, and other changes, rather than to repeat the original plan. These quarterly reports are submitted to the Office of Planning within 20 days after the end of each quarter. Based on the expenditure and program plans, and the quarterly progress reports, the State Superintendent evaluates the actual efficiency and effectiveness of each program. Program problems and other management concerns can also be communicated to him through this manner.

With these tools for evaluation, management operates in a closed-loop system (complete system), using control measures if deemed necessary, to promote more effective and efficient operation of the total system (the DOE in this case.)

Section Four

ADJUSTMENTS OR MODIFICATIONS THAT APPEAR TO BE NEEDED FOR THE FUTURE

As the eddies of societal change swirl faster and faster, the State Department of Education is faced with the challenge of being effective as well as efficient in its purpose. Adjustments and modifications in response to changes in environmental conditions and the continuous quest for efficiency cannot guarantee success in the future. However, effective modifications can help to possibly prevent failure or at least help to meet the challenge of the future.

The following inventory of apparent modifications is by no means all-inclusive. Many urgently needed adjustments could have escaped detection. The important thing is to recognize some problematic areas and other concerns and deal directly with them.

1. *Education Information System.* The development of a computer-based information system is a critical prelude to the actual implementation of the PPB system (no matter what design it ultimately takes). *With a total information system--covering personnel, pupils, facilities, finances, and programs--much of the routine budgeting processes can be mechanized.* With reliable information on the computer, cost simulation models can be developed to assist in budget projections and analysis. The availability of relevant information is also a vital part of the attempt to upgrade the quality of the planning and analytic effort, and the evaluation of programs.

   Other related tasks include the development of a systematic approach to problem identification, screening, and validation. *A perpetual inventory of departmental problems and issues can be established and maintained.* Such a master inventory file of problems can be used to set priorities; to centrally monitor, screen and validate problems; to consolidate and coordinate the analytic effort covering similar problem areas; and to serve as a basis of decision making about the allocation of scarce resources. In short, the State Department of Education should systematize its overall methodology of problem identification and resolution as a first phase of a larger system of planned program change.

2. *Federal Financing.* An examination of the revenue-raising capacities of the different levels of government indicates that, although the federal government is by far the most effective source of tax revenues, it makes the smallest contribution to public education. As an illustration, the following table is presented:

Distribution of Revenues and Expenditures (1968)

Governmental Level	Tax Revenues		Public School Expenditures	
	National Average	Hawaii	National Average	Hawaii
Federal	65%	57%	5%	14%
State	18%	30%	38%	86%
Local	17%	13%	57%	0%

It is true that the federal government has responsibilities the individual states do not have. However, it is obvious that if real gains are to be made in the state's ability to cope adequately with the rising costs of education, it must rely on the federal government for more support.

The DOE must move ahead boldly in the area of financial planning by applying new and creative ideas and by more experimentation. Since the state government in Hawaii has been the traditional and primary source of financing, the tendency has been to take this for granted. This can no longer be done.

3. *Student Participation in Decision Making.* The Board of Education recently established a chair for student participation in decision making at the board level. Although the student is a non-voting member of the Board, this procedure in participation in board discussions has been institutionalized. This person is allowed to review proposals presented to the Board, to voice criticism and other comments, and to generally represent the viewpoint and interest of the students. At the school level, the same kind of student participation in administrative affairs is being encouraged and structured. The intensity and methodology of involvement varies from school to school. However, it is at the state and district administrative levels that student involvement is minimal, if not altogether lacking. *The DOE must look into various ways of formalizing student expressions and concerns at every decision-making level within the departmental administrative hierarchy.* A program for active student participation must be developed.

4. *Integrated Planning with Other Educational Agencies.* There is need for more coordinated and integrated planning among all state agencies dealing directly with education including the DOE, the community college system, and the University of Hawaii (U.H.). There are various reasons why such cooperative planning is necessary:

   - *Articulation.* The State of Hawaii should have a total educational program--one that is fully articulated from preschool to graduate school to continuing education. Of the total 1968 public school graduates, 67% enrolled in a formal program of post high school education. With more and more youngsters continuing their education, it is critical that the programs are well articulated.

- *Teacher Training.* The higher education institutions are the agencies that train and supply the DOE with teachers. To do a good job, they must be aware of the needs in this area. For instance, the University of Hawaii should know the number of teachers needed to meet instructional demand over the next 20 years, the quality of teachers needed, the changing roles of the teacher, the kinds of educational programs planned for our schools, etc. The DOE should also communicate with the universities on the initial screening of candidates and the kinds of training necessary to assure quality teachers.

- *Educational Research.* The emphasis on educational research is growing. The structure of the DOE's educational programs should be based on reliable research findings. The DOE needs to communicate with higher education institutions about the problems and needs in this vital area. Any pertinent research being conducted at the University of Hawaii, or any other university, should be communicated to the DOE so that these findings can be used to guide decision making about program changes.

5. *Relationship with DAGS.* The State Department of Education develops the policies and DAGS (Department of Accounting and General Services) implements them. This "sharing" process results in added red tape and, to a lesser extent, to DAGS' insensitivity to the educational program. More important, accountability is diluted by both parties. Evidence of this was the $450,000 DOE deficit faced in fiscal year 1969-70. This huge deficit can only be charged to poor planning, budgeting, and control. The DOE needs to institute stricter controls over its programs. At the beginning of each fiscal year, the operational program and expenditure plan should be thoroughly screened and evaluated. Written ground rules with DAGS should specify that DAGS will not incur a deficit for the DOE or in any way adjust the level of services (or the approved plans), unless it is first cleared with the DOE. Quarterly feedback reports should also be an integral part of the controls. If this approach is not satisfactory, elimination of this split jurisdiction and lodging of the program either with DAGS or the DOE seems necessary.

6. *Summer Session.* During the summer months, the State Department of Education permits the use of school facilities for educational programs if such need exists in the community. Although there is no charge for the use of the facilities and equipment, all other expenses such as teacher salaries and classroom supplies must be covered by tuition fees. The tuition charges range from $28 at the elementary level to $40 for a full credit high school course. In 1968, 17,099 students paid a total tuition fee of $550,000. In addition to this tuition charge, special fees are levied for certain courses such as art and typing. The kinds of programs offered in summer school include:

- *Remedial*--designed to strengthen recognized areas of weakness in pupil comprehension and skills and better mastery of subject matter.

- *Enrichment*--provides learning opportunities that go beyond the quality and depth covered in usual class work. An attempt is made to capitalize upon the individual talents and the special abilities and interests of the participants. Although enrichment applies principally to academic areas, supplemental courses are also provided for personal enrichment such as art, crafts, music, dramatics, etc.

- *Preparatory (secondary)*--aimed mainly at incoming secondary students who lack the necessary background, and at the college bound who want to make up deficiencies in college preparatory credits.

- *Acceleration (secondary)*--provides certain students with the opportunity to progress through an educational program at rates faster or at ages younger than is conventional.

The summer school program traditionally has been viewed as an extraneous educational service conducted outside the scope of the regular departmental operations. This is revealed by the fact that the summer program is self-financing. The funds collected are deposited into a special fund that is not reflected in the department's annual budget. The DOE has no policy to integrate the summer instructional program with the regular session instructional program. There are several reasons why the department should re-evaluate its position on the summer session program:

- *Concept of "free public education"*. A substantial number of the courses taken in summer session are in the area of remedial and preparatory. It seems contradictory to require students to pay for basic instruction leading to a high school diploma, merely because the instruction is provided during the summer months. This tuition charge appears contrary to the basic accepted concept of free public education. The fact that these students are willing to put in their own "free" summer vacation period to attend school and make-up or catch-up is, if anything, more reason why it should be provided tuition-free.

- *Equal educational opportunity*. The adult education program provides free education for any course leading up to a high school diploma. As a matter of consistency, it does not seem right to provide free education services in the same areas of instruction for persons above age 18, but not for those under. Another factor to consider is this: the summer program will give the slow learner and other such students an added opportunity to further their development.

To the extent that such summer programs succeed in reducing the incidence of grade failures and non-promotions, the added cost of re-teaching such students during the regular session can be eliminated.

- *Maximizing educational achievement.* One of the basic objectives of the State Department of Education is to provide each student with as much education as he needs. In view of this stated objective, and from the standpoint of relative importance, it is questionable why certain cultural enrichment programs are subsidized but not instruction in the basic academic areas during the summer months.

7. *New Outlook in Facilities.* Unlike classroom supplies which have a brief useful life and are readily expendable, school facilities involve large cash outlays and are provided for long-term use. Research at the national level reveals that the useful life of a school plant extends anywhere from 40 to 80 years, with the average running about 60 years. This means that a school built now will be only at half-life in the year 2000. School facilities, therefore, must not only serve the present generation effectively, but future generations as well.

Within the four to six decades of use, school facilities must somehow accommodate various changes in the instructional programs, pupil and faculty makeup, and community characteristics. The ease and effectiveness with which they lend themselves to modifications to accommodate changing times will in large part be determined during the initial design and construction period. Thus, unless the DOE undertakes long-range projections of curriculum, enrollment, and other critical factors when planning for facilities, functional obsolescence will occur early. The luxury of poor planning that results in early obsolescence cannot be afforded.

Presently, to conduct the regular instructional program, schools are being used a total of 1,080 hours per year (6 hours per day for a 180-day year). Based on a 365-day year, this averages out to about 3 hours use per day. Even with adult education and summer session classes, now conducted on a limited scale, the utilization rate of the expensive facilities is ridiculously low. To have a large and expensive structure lying idle for an average of at least 20 out of 24 hours each day is a waste of investment.

The State Department of Education should explore various means of maximizing the utilization rate of the school facilities and achieve a high rate of "return" for its investment. For example, the DOE could openly encourage the use of school facilities as centers for community, educational, recreational, civic, cultural, and social activities during after-school hours, weekends, and vacation periods. Another possibility is to rent (at low cost) portions of facilities for tutorial purposes or

for private day care centers as an added service for working mothers whose children attend such schools. Other such alternatives should be explored to maximize use of all school facilities and equipment including swimming pools, athletic fields, basketball and volleyball courts, gymnasiums, auditoriums, cafeterias, kitchens, school libraries, laboratories, conference rooms, classrooms, and so on. To achieve a good rate of utilization, the DOE must not only re-think and extend its own program, but must also actively solicit the use of its facilities by outside groups.

Concluding Statement

An attempt has been made in this descriptive case study to present thoroughly as many significant factors or facets of the educational system in Hawaii as possible. In addition, suggestions for modifications that seem to be needed for the future have been made.

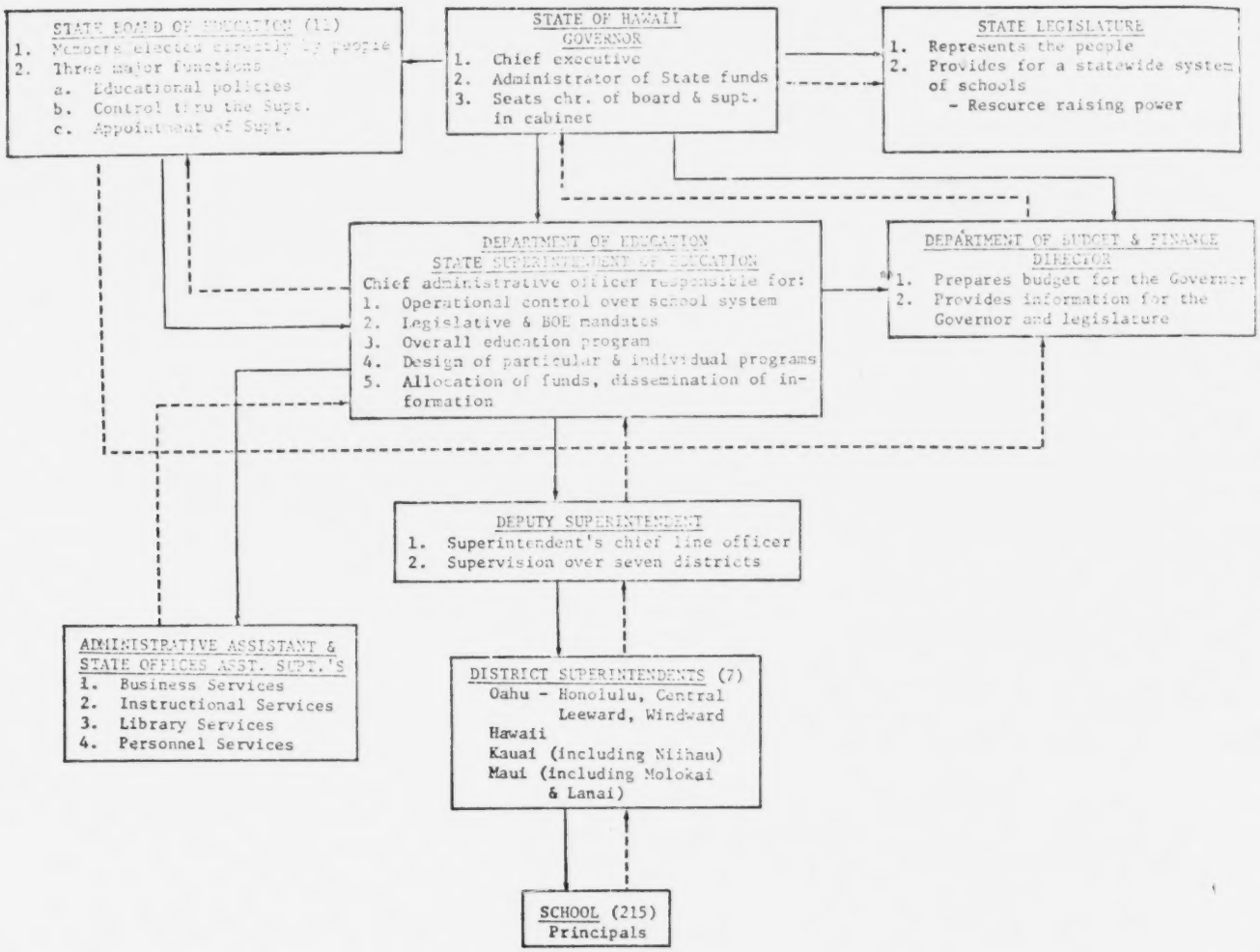
Hawaii's education system is not without faults, but it is flexible enough to adjust to changes that are deemed necessary. A good example is the recently implemented 3 on 2 Program that has affected the areas of personnel, pupils, curriculum, facilities, and finances. It was possible to modify the operational areas because of the flexibility of the organizational structure and functions.

The major problem of financing the public schools in a state has been substantually met in Hawaii. A unified statewide school system can help to bring about more equal educational opportunity for students and equity for the taxpayer who supports the schools. Though organized in a different manner from its counterparts in continental U. S., Hawaii's example may prove instrumental in the resolution of some issues in education that face state legislatures throughout the country.

APPENDIX I

HAWAII - ORGANIZATIONAL STRUCTURE

AS RELATED TO THE DEPARTMENT OF EDUCATION


STATE BOARD OF EDUCATION (11)
1. Members elected directly by people
2. Three major functions
a. Educational policies
b. Control thru the Supt.
c. Appointment of Supt.
STATE OF HAWAII
GOVERNOR
1. Chief executive
2. Administrator of State funds
3. Seats chr. of board & supt. in cabinet
STATE LEGISLATURE
1. Represents the people
2. Provides for a statewide system of schools
- Rescurce raising power
DEPARTMENT OF EDUCATION
STATE SUPERINTENDENT OF EDUCATION
Chief administrative officer responsible for:
1. Operational control over school system
2. Legislative & BOE mandates
3. Overall education program
4. Design of particular & individual programs
5. Allocation of funds, dissemination of information
DEPARTMENT OF BUDGET & FINANCE
DIRECTOR
1. Prepares budget for the Governor
2. Provides information for the Governor and legislature
DEPUTY SUPERINTENDENT
1. Superintendent's chief line officer
2. Supervision over seven districts
ADMINISTRATIVE ASSISTANT & STATE OFFICES ASST. SUPT.'S
1. Business Services
2. Instructional Services
3. Library Services
4. Personnel Services
DISTRICT SUPERINTENDENTS (7)
Oahu - Honolulu, Central
Leeward, Windward
Hawaii
Kauai (including Niihau)
Maui (including Molokai & Lanai)
SCHOOL (215)
Principals

Note: The dotted lines show the flow of budget request, appertaining to the Department of Education.

APPENDIX II

APPROPRIATIONS FOR FISCAL YEAR 1970-71

For fiscal year 1970-71, the Department of Education in Hawaii received a total operating budget of $154.2 million. The detailed budget breakdown by programs is shown below:

GENERAL ADMINISTRATION:		
(1)	State Administration	407,433
(2)	Staff Services	2,907,497
(3)	Curriculum Development and Evaluation	2,144,714
(4)	District Administration	3,478,303
(5)	Hawaii Curriculum Center	1,068,917
	Sub-Total	10,006,864
INSTRUCTIONAL SERVICES:		
(6)	Regular Education	103,222,138
(7)	Special Education	6,528,680
(8)	Compensatory Education	5,809,473
(9)	Instructional Support	1,142,480
	Sub-Total	116,702,771
GENERAL SCHOOL SUPPORT:		
(10)	School Lunch Services	13,010,766
(11)	Custodial Services	5,346,909
(12)	Student Transportation	2,818,444
	Sub-Total	21,176,119
ADULT EDUCATION:		
(13)		1,415,607
PUBLIC LIBRARIES:		
(14)		4,853,438
	Total Departmental Requirements	154,154,799

SOURCES OF FUNDS:		
	Federal Funds	15,872,803 10.3%
	Special Funds	8,400,731 5.4%
	General Fund Appropriation	129,881,265 84.3%
		100.0%

PUBLICATIONS
Sponsored by the Project
Improving State Leadership in Education

Major Publications

Emerging State Responsibilities for Education, Edgar L. Morphet, David L. Jesser and Arthur P. Ludka, eds. (Denver, Colorado: Improving State Leadership in Education, 1970)

Planning and Providing for Excellence in Education, Edgar L. Morphet, David L. Jesser and Arthur P. Ludka, eds. (Denver, Colorado: Improving State Leadership in Education, 1971)

Monographs

Clifford L. Dochterman, Barron B. Beshoar and the ISLE Project Staff, *Directions to Better Education,* (Denver, Colorado: Improving State Leadership in Education, 1970)

Clifford L. Dochterman, Barron B. Beshoar and the ISLE Project Staff, *Directions to Excellence in Education,* (Denver, Colorado: Improving State Leadership in Education, 1971)

Case Studies of Exemplary State Leadership Practices

State	Title
Colorado	*Planning in the Colorado Department of Education to Facilitate Improvements in Education*
Florida	*The Florida Education Improvement Expense Program*
Hawaii	*State Support and Operation of Public Schools in Hawaii*
Idaho	*The Idaho Consortium*
Maryland	*Toward a Partnership in Teacher Education*
Minnesota	*Minnesota's South Central Vocational Center* (Available from the Minnesota Department of Education, St. Paul, Minnesota 55101)
Nevada	*Nevada Master Plan: Providing for Improved Educational Opportunities*
New Jersey	*The Model Cities Project of the New Jersey Department of Education*

North Carolina	*The Task Force for Student Involvement*
Texas	*The Evolution of Planning in the Texas Education Agency*
Utah	*Impact of the Designing Education for the Future Project in Utah*
Vermont	*Vermont Design for Education*
Virginia	*Administration by Objectives: A Systematic Approach to Educational Planning in Virginia*
Washington	*New Directions in Certification*

Special Studies

Planning and Effecting Improvements in the Preparation and Certification of Educators: Emerging Relationships and Procedures (Marshall L. Frinks, University of Massachusetts)

Alternative Roles and Interagency Relationships of State Education Agencies in Comprehensive Statewide Planning (Robert Jennings, State University of New York at Buffalo)

The Extent and Utilization of Management Information Systems and Planning Programming Budgeting Systems in State Education Agencies (Sam W. Bliss, Northern Arizona University)

Internal Long-Range Planning in State Education Agencies Charles W. Nix, Texas Education Agency)

Federally Funded Programs and State Education Agencies (Mike M. Milstein, State University of New York at Buffalo)

Efforts of State Education Agencies to Assist in Planning for Provision of Regional Education Services (Ernest W. Chambers, Texas Education Agency)